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RUEHMO/AMEMBASSY MOSCOW 6528  
RUEHKO/AMEMBASSY TOKYO 2710  
RUEHCI/AMCONSUL CALCUTTA 1368  
RUEHCG/AMCONSUL CHENNAI 1126  
RUEHKP/AMCONSUL KARACHI 2039  
RUEHLH/AMCONSUL LAHORE 2060  
RUEHBI/AMCONSUL MUMBAI 0359  
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RUCNDT/USMISSION USUN NEW YORK 8889  
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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 000804

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TAGS: [PGOV](#) [PTER](#) [PREL](#) [KCRM](#) [KISL](#) [MOPS](#) [ECON](#) [IN](#)  
SUBJECT: KASHMIRI POLITICS AS FILTHY AS DAL LAKE

REF: A. 05 NEW DELHI 8791  
[1](#)B. 06 NEW DELHI 556

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Classified By: PolCouns Geoff Pyatt for reasons 1.4 (B,D)

[1](#)1. (C) Summary. The GOI recently broadened its Kashmir dialogue by holding several public and private meetings with non-Hurriyat leaders. These discussions are intended to broaden the GOI's set of separatist interlocutors beyond the Hurriyat, while also conveying the GOI's displeasure at the Mirwaiz-led Hurriyat's recent endorsement of Pakistani proposals on Kashmir. Little substantive progress has been made, and cynical observers discount the entire process as little more than "chaff" meant to fragment Kashmiri politics further. In Kashmir itself, the success of Hamas in the recent Palestinian elections has engendered an editorial page debate about whether local terrorists will make a move towards the ballot box. Beneath the surface of these political developments, the corrosive combination of money and corruption continues to strengthen its grip on the lives and calculations of politicians, separatists, terrorists, police, army, and civilian administration officials, raising the question of whether the Kashmiri elite has an incentive to find a lasting political settlement. End summary.

NEW FACES, SAME OLD RESULTS?  
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[1](#)2. (C) PM Singh and his top advisors on Kashmir policy met with Sajjad Lone of the People's Conference in early January. This was the first time that the Prime Minister had met publicly with a non-Hurriyat separatist leader. GOI sources tell us that PM Singh privately met with Yasin Malik of the Jammu & Kashmir Liberation Front (JKLF) in November 2005.

Malik told us this himself, saying that PM Singh embraced him for reportedly speaking out against violence when Malik visited Pakistani Kashmir after the earthquake (ref 05 New Delhi 8791). In a press conference on February 1, the PM admitted to meeting Yasin, sparking a brou-haha when Yasin's own JKLF criticized the meeting. The GOI expects this Kashmiri dialogue process to continue, with Shabir Shah of the Democratic Freedom Party being widely tipped as the next non-Hurriyat leader to meet with the Prime Minister. JNU Professor Riaz Punjabi told us the meetings were an attempt to broaden the J&K dialogue process, while also demonstrating the GOI's unhappiness with the Hurriyat's trip to Pakistan in early January 2006. While there, Hurriyat leader Mirwaiz Umar Farooq endorsed positions on Kashmir that were almost identical to those put forward publicly by General Musharraf, and rejected by India, including "demilitarization" and increased autonomy.

13. (C) Kashmiri politicians met by PolOff had no confidence in the dialogue process and viewed it as a cynical attempt to divide politics further in J&K. PolOff met with National Conference Lok Sabha MP AR Shaheen, for instance, who dismissed the ongoing discussions as "nonsense," and said that the PMO sponsored dialogue was meant to "tire us out" and further divide Kashmiri politics. He said that the Hurriyat was upset by the GOI's decision to reach out to Sajjad Lone and others, but there "was nothing they could do." Sunil Sakdhar, President of a Kashmiri Pandit (Hindu) organization called Kashmir Samiti, also dismissed the ongoing talks, which have included meetings with Kashmiri pandit groups, by saying that it was "clear cut" that nothing was coming from talks. He agreed that the further division of Kashmiri politics was the GOI's endgame, and argued that the GOI was using the twin carrots of funding for favored

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political leaders and public meetings with the PM to create divisions between and amongst Kashmir's political parties and separatists.

#### FINDING INSPIRATION IN HAMAS?

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14. (C) The Hamas victory in the recent Palestinian elections resonated in J&K, but the practical impact may be minimal. J&K media focused heavily on the Hamas election results, and speculated that the way was now clear for terrorists in J&K to enter the political process. Hurriyat leader Mirwaiz remained noncommittal, however, saying only that the Palestinians had moved from confrontation to a more peaceful alternative, and that a similar transformation was possible in J&K. Others took a darker view, with Hurriyat hard-liner Syed Ali Geelani taking heart in Hamas' apparent victory without compromise.

15. (C) Political Section contacts had a more muted private response, noting that the parallels made for a good story, but did little to alter the on the ground reality in J&K. All our sources noted the long-standing emotional connection to the Palestinian cause felt by many Kashmiris. As a result, Tahir Mohi-du-din, editor of Chattan, felt that any impact would be psychological rather than practical. Comparisons between Hamas and separatist organizations in J&K are strained, according to commentators. Newspaper editor Bashir Manzar and Prof. Punjabi both stressed the fact that separatist groups had far less popular support in J&K than Hamas enjoyed amongst the Palestinian population.

#### CORRUPTION PERVASIVE WITHIN THE VALLEY

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16. (C) Behind the political theater in J&K lurks the equal-opportunity threat of corruption and terrorist penetration of politics, business, and security forces. Corruption cuts across party lines and most Kashmiris take it as an article of faith that politically-connected Kashmiris

take money from both India and Pakistan. For instance, a Kashmiri businessman told PolOff that Mirwaiz had acquired property in Dubai and the Kashmir Valley as a result of payoffs to him by various intelligence agencies (both Indian and Pakistani). We hear allegations such as these about politicians of all stripes in Kashmir.

#### AND IN THE GOVERNMENT ITSELF

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¶7. (C) Nor is the administration exempt from corruption. Rumor has it that some security force officers bribe their way into Kashmir assignments that give access to lucrative civil affairs and logistics contracts. On the civilian side, a recent newspaper article reported that the retired Minister of State for Irrigation and Flood Control is accused of embezzling funds and then using the money to construct two large homes in Srinagar.

#### TERRORIST TENTACLES REACH INTO POLITICS AND BUSINESS

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¶8. (C) As previously reported, recent arrests indicate that wanted terrorists have secured positions in prominent Kashmiri political parties, including the National Conference, People's Democratic Party, and even Congress (ref 06 New Delhi 556). Their positions as councilors and elected party representatives allowed them special security access

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that gave them the ability to plot and carry-out the assassinations of several Kashmiri politicians. Media reports also indicate that terrorists have infiltrated several leading business institutions. One of the principal suspects in the October 2005 Delhi bombings, for instance, worked as a senior sales representative for Johnson & Johnson in J&K. More recently, two officials of the Bombay Merchantile Cooperative Bank were arrested for being suspected Lashkar-e-Toiba (LeT) operatives.

#### AND EVEN THE POLICE ARE NOT IMMUNE

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¶9. (C) Kashmiri newspapers report that terrorists have even penetrated specific J&K police units, in addition to long-standing concerns about overall police performance. The J&K police, charged to protect Valley political leaders, have looked the other way when terrorists struck in the past. One close Political Section contact who was in the room when four assailants killed Kashmiri state education minister Ghulam Nabi Lone in October, and was himself almost killed, told us that over 27 security men had been patrolling the compound that morning, yet attackers entered, killed, and escaped unmolested. Doubts about the police worry the wife of the Mirwaiz, who told us her husband was much safer when he had his own private bodyguards prior to receiving GOI protection. Chief Minister Ghulam Nabi Azad recently replaced the head of police in the Valley for being too soft on terrorists. Two members of the Special Operations Group of the J&K police (District Pulwama) were arrested in late January 2006 for being Harkat-ul-Mujahideen (HM) terrorists. They admitted to having conspired with HM to kill not only police informers but also the head of the Special Operations Group, all for \$10,000 USD.

#### COMMENT - SURFACE PROGRESS, TROUBLE BENEATH

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¶10. (C) The expansion of the dialogue process to include non-Hurriyat separatist groups is unlikely to produce any immediate substantive gains, and underscores the increasingly fragmented nature of J&K politics. Nevertheless, the Prime Minister is trying in his own way to ease tensions and widen the circle of dialogue, reflecting his instincts as a peacemaker. Kashmir's internal political divisions make the Hamas victory an unlikely vision of the future of Kashmiri

politics, as no separatist group currently commands widespread popular support. The spread of corruption further undermines popular support of existing political parties and separatists. Money from Pakistani and Indian intelligence agencies and from Saudi and other foreign extremists has further distorted Kashmiri politics, incentivized leaders to perpetuate the conflict, and perverted state and central government institutions. While this river of dirty money has led to a boom in Kashmiri household income and real estate prices, it also calls into question whether the Kashmiri elite truly want a settlement to their problems. The minute a deal is struck, some must surely worry that the funds will dry up.

¶11. (U) Visit New Delhi's Classified Website:  
(<http://www.state.sgov.gov/p/sa/newdelhi/>)  
MULFORD